

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

--	--	--	--	--	--	--	--	--	--

# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 3, 2018/2019

### BKE2014 – KNOWLEDGE ECONOMY

( All sections / Groups )

27 MAY 2019

2:30 p.m. – 4:30 p.m.

( 2 Hours )

---

#### INSTRUCTIONS TO STUDENTS

1. This question paper consists of **FOUR (4)** printed pages including cover with **TWO (2)** sections as follows:  
**Section A:** Structured Questions (75 Marks)  
**Section B:** Case Study (25 Marks)
2. Marks are shown at the end of each question.
3. Write all your answers in the answer booklet provided.
4. Answer all questions.

**SECTION A: STRUCTURED QUESTIONS (75 MARKS)**

Answer ALL questions in the Answer Booklet.

**Question One (25 Marks)**

- (a) Compare between tacit knowledge and explicit knowledge. (6 marks)
- (b) Describe Knowledge Production and Knowledge Distribution. (8 marks)
- (c) Discuss how knowledge can create wealth and have increasing returns. (6 marks)
- (d) Describe why knowledge is like a public good. (5 marks)

**Question Two (25 Marks)**

- (a) "Building a Knowledge Economy (KE) has emerged as the most effective means by which to achieve global competitiveness." *The World Bank, 1995.*

Describe how a nation can become competitive globally by becoming a Knowledge Economy.

(5 marks)

- (b) Explain and provide examples of **FOUR (4)** ways cities can become 'smart cities' in the knowledge economy. (10 marks)
- (c) Appraise how the Knowledge Assessment Methodology's 'Knowledge Indicators' (KIs) components are similar and different from that of the 'Knowledge Development Index' developed by the Economic Planning Unit. (10 marks)

**Question Three (25 Marks)**

- (a) Appraise **THREE (3)** cyber security threats that are not part of the formally defined scope of information security. (9 marks)
- (b) Outline the role of entrepreneurs in relation to innovation. (6 marks)

**Continued...**

**Question Three (25 Marks) (Cont'd)**

- (c) Explain changes to a firm's strategic capabilities in terms of time and management, and relationship management in a knowledge economy.

(10 marks)

**SECTION B: CASE STUDY (25 MARKS)**

Read the following case, including the footnotes, and answer ALL questions in the Answer Booklet.

**China's Digital Economy: A Leading Global Force**

China is already more digitised than many observers appreciate. China is one of the world's largest investors and adopters of digital technologies, and is home to one-third of the world's unicorns.<sup>1</sup> China has the scale to drive rapid commercialization of digital business models, and has the advantage of a very large home market of consumers who are young and eager to embrace digital in all its forms. Three aggressive, giant internet companies with global reach – *Baidu*, *Alibaba*, and *Tencent*, or BAT as they are collectively known – are creating a multifaceted and multi-industry digital ecosystem that touches every aspect of consumers' lives. The government is actively encouraging digital innovation and entrepreneurship by giving companies room to experiment and offering support as an investor, developer, and consumer of new technologies.<sup>2</sup> China's digital transformation is already having a profound impact on its own economy, and is likely to have an increasing influence on the worldwide digital landscape. China's digital globalization is only just getting started and is gathering momentum. Through mergers and acquisitions (M&A), investment, the export of new business models, and technology partnerships, China could set the world's digital frontier in the coming decades.

...

*China is already a global leader in e-commerce and digital payments, and is home to one-third of the world's unicorns*

Over the past decade, China has become a leading global force in several areas of the digital economy. In e-commerce, for instance, China accounted for less than 1 percent value of worldwide transactions only about a decade ago, but that share is now more than 40 percent. The value of China's e-commerce transactions is today estimated to be larger than the value of those of France, Germany, Japan, the United Kingdom, and the United States combined. Some early investors in leading Chinese e-commerce players are estimated to have earned returns of thousands of times their initial investment. In mobile payments, penetration among China's internet users has grown rapidly from just 25 percent in 2013 to 68 percent in 2016. The value of China's mobile payments related to consumption by individuals was \$790 billion in 2016, 11 times that of the United States.

Continued...

*Footnotes:*

- 1 Unicorns are defined as privately-held startups valued at over \$1 billion.
- 2 MGI research in 2015 found that China has been rapidly improving its performance on innovation in customer-focused and efficiency-driven industries, but that it still has gaps to close in science- and engineering-based innovation, which is arguably more challenging. However, even in these latter types of innovation, China is improving its performance and experimenting with novel approaches.
- 3 The Digital Adoption Index is based on general digital business adoption, internet and mobile access for citizens, and online public services. The Networked Readiness Index is based on the macroeconomic environment, digital readiness and infrastructure, digital usage, and the economic and social impact of the network. ...

*Extracted from:*

Woetzel, J., Seong, J. Wang, K. W., Manyika, J., Chui, M., & Wong, W. (2017). China's Digital Economy A Leading Global Force. (Discussion Paper August 2017). Retrieved from McKinsey & Company's website:  
<https://www.mckinsey.com/~media/mckinsey/featured%20insights/China/Chinas%20digital%20economy%20A%20leading%20global%20force/MGI-Chinas-digital-economy-A-leading-global-force.ashx>

**Questions:**

- (a) Based on the Case Study article above, analyse the steps taken by China to encourage digital innovation and entrepreneurship.  
(4 marks)
- (b) Based on the Case Study article above, outline the **THREE (3)** mechanisms through which China is setting the tone for the world's digital frontier in the coming decades.  
(7 marks)
- (c) Based on the Case Study article above, analyse **THREE (3)** instances of China's status as a leading global force in several areas of digital economy."  
(6 marks)
- (d) Based on your understanding from Knowledge Economy lectures this semester, appraise **FOUR (4)** main problems faced by Digital Entrepreneurs in Malaysia.  
(8 marks)

**End of Page**

